

Partnering for quality healthcare delivery

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Good policies for the private health sector are essential to improve the overall performance of the health systems. The private sector provides a large part of health services in many developing countries, to both rich and poor, but their quality varies greatly and is often too low. To improve access to quality services, governments must lead by engaging all actors in the sector, and encourage healthy competition and partnerships among them.

Patients, when they seek care, are not concerned about the institutional arrangements or the ownership of the providers in the health sector. They care only about having timely access to affordable, good quality care for their sick children and themselves. Whether the providers are public or private¹ matters little to patients. Their perspective should guide the development of appropriate policies in national health systems. Indeed, an ‘effective private health sector policy’ may be a misleading term: what is needed is not a separate policy for the private health sector, but rather a health sector policy that includes all important actors in the sector, regardless of ownership or brand of medicine practiced.

When considering government policies for the private health sector, we are talking about two sets of policies. Ideally, the private health sector should be subject to policies that (i) regulate the private sector, making all firms abide by a set of rules concerning, for example, company registration and paying taxes; and (ii) regulate the health sector, making all providers – public and private – abide by a set of rules concerning, for example, minimum quality standards and maximum prices for particular services. What characterises effective policies and regulations differs for these sectors. Instituting effective policies for private firms, regardless of sector, means making rules simple, fast and transparent to provide a good business environment. On the health side, it is more complicated. Governments are responsible to citizens for overseeing the sector and ensuring that services are of good quality, accessible, and affordable. Since the private sector is a big player in modern health systems, it is imperative that health policies address it explicitly, ensuring that it is an integral part of health system improvements. In the majority of developing countries, the private sector provides a significant portion of health services for rich and poor, rural and urban populations alike. In sub-Saharan Africa, for example, more than half of all healthcare spending comes from private parties, and private providers are responsible for delivering at least half the services (*Figure 1*).

FIGURE 1 : RÉPARTITION DES SOINS DE SANTÉ ENTRE LES SECTEURS PUBLIC ET PRIVÉ ET TYPE DE PRESTATAIRE CONSULTÉ PAR LES MÉNAGES EN AFRIQUE SUBSAHARIENNE (PAR QUINTEILE DE RICHESSE)



In other regions, such as South Asia and Southeast Asia, the private sector's share of total health services is estimated to be higher still. The absence of effective policies and practices in many developing countries has not hindered its growth. Rather, it has resulted in an untapped potential for improvement of the health systems' performance. Ignoring the private health sector in developing countries is not a realistic option and implies abandoning all the patients who seek services from private providers. That public health sectors will fully replace their private counterparts and provide high-quality services for free, to all is a utopian ideal, not a useful guide for policy.

So, what is needed?

Governments have to take the lead in engaging with the private health sector to encourage its contribution to achieving national health goals. The literature on maternal and child care shows that closer coordination between the public and private sectors has improved access to family planning and increased the participation of skilled attendants during childbirth, both of which have saved lives (World Bank-IFC, 2011)². Contracting with, or purchasing from the private sector can also be effective. Here, too, the results from maternal and neonatal programs have been particularly impressive. But beyond public-private collaboration in individual interventions and programs, a broader engagement is needed through systematic collaboration to achieve national health priorities.

While public-private collaboration is not new, the World Bank Group's recent Healthy Partnerships Report has, as a world first, offered a codification of the elements of good engagement with the private health sector. Five domains are identified: policy and dialogue, information exchange, regulation, financing, and public provision of services. A research team measured the level of engagement along the codified elements in 45 countries of sub-Saharan Africa. The findings of the report are relevant not only for the African countries, in which a veritable wave of important reforms has started, but also for other countries.

Policy and dialogue between the government and the private health sector should set out the roles and responsibilities of the actors. In sub-Saharan Africa, more than 85% of the countries have an official policy for working with the private health sector.³ However, the majority of countries do not implement their policies⁴, often because the ministries of health see their job primarily as supervising a system of public health providers, rather than as overseeing a mixed health system. Yet there are a growing number of countries where dialogue is being (re-)initiated as a first step towards improving engagement. In Ghana, for example, engagement between the government and the private health sector has greatly improved since the existing private health sector policy was revived through a new forum for dialogue. The private sector, in turn, has responded by forming an umbrella organisation of private providers, a critical step: self-organisation by the private sector is critical in establishing dialogue, but is lacking in most developing countries.

The information exchange domain concerns information flows between the public and private sectors, and private sector inclusion in national health management information systems and disease surveillance. Accurate information about the scale and scope of privately provided care is a key ingredient of engagement. This is especially pertinent if the private health sector is providing a large proportion of health services.

The regulation domain focuses on the ability of the government to design and implement a regulatory framework for the private health sector. Key elements of good practice in health sector regulation include (i) the government knowing who is providing services, and where; (ii) standardised rules for opening and operating private health facilities, including a transparent quality control or inspection process, and the implementation of these rules; and (iii) the inclusion of all important types of health service providers. In many developing countries, registration of private providers is poor (only 13% of the 45 countries analysed have a comprehensive registry of private health facilities), regulations are inappropriate or outdated, and enforcement of the regulations is weak. Private providers tend to dislike the lack of consistent oversight, which allows low-quality providers to continue operating.

The financing domain covers the revenues that are actually or potentially available to the private health sector and the government's influence over such funds through various mechanisms. The key to financing is to ensure that there is a mechanism that allows poor people to have access to services, and that public funds buy value for money from either public or private services, which compete on a level playing field. This principle of strategic purchasing (buying services from the best providers regardless of ownership) is especially important in countries where the private sector is large. The existence of financial incentives (tax exemptions, land grants for rural clinics, import duty exemptions, etc.) specific to private health sector facilities serve as a proxy for whether the government seeks to improve the investment climate for the private health sector. Finally, and perhaps most important, the level of coverage of private providers by health insurance is used as a proxy to assess whether a significant part of the population can access the private health sector without having to pay out-of-pocket. The Healthy Partnerships Report states that in sub-Saharan Africa the level of health insurance coverage that would allow reimbursement for treatment received in a private facility is low; in most countries, less than 15% of the population. But coverage is growing.

In several countries - for example, Kenya, Nigeria, and Uganda - expanded (public) insurance schemes are at an advanced stage. In these countries, the private sector is increasingly an active participant in policy discussions. The prospect of including private providers in national health insurance schemes holds great promise for improving the sector overall - in addition to providing a mechanism to protect against risk and to channel subsidies for health services to the poor. Such schemes offer the opportunity to force public facilities to compete against private providers in terms of quality and how they treat patients. Private providers, in turn, are forced to meet accreditation standards in order to be eligible for reimbursement.

Finally, the public provision of services domain focuses on how governments can use public production to complement, crowd out, or build a supporting environment for private healthcare markets. This can take the form of including private providers in public health interventions - such as immunisation programs or for treating HIV/AIDS - or instituting cross-referrals, from public to private and vice versa. In addition, the public sector can ensure the availability of basic services and institutional support. In most countries, there is some evidence that governments and the private sector can collaborate relatively well on disease and immunisation programs. And there is typically some form of patient referral between the private and public sectors. These instances of collaboration - sometimes prompted by the requirements of donor programs - on narrow issues hold some promise for engagement at the systems level.

Meaningful reform is within reach

Having identified the key elements for effective engagement with the private health sector is a key ingredient for positive reforms. However, much remains to be done. Specifically, in order to go beyond individual partnerships or public health initiatives, defining broader policies, such as the reimbursement of private providers for services rendered under a national health insurance program, will be needed. In an environment of scarce public resources, the key for governments is to focus more on what they need to do, such as oversight over all providers to ensure a minimum level of quality, and less on what can be done by others, such as managing service provision (*see Box*).

Example of engagement with the private health sector in a low-resource environment

The scores along the five domains are generally not correlated with income. So, these are not a question of resources. When the government has very few resources, which is the case in many developing countries, the prioritisation of its activities or responsibilities toward the private health sector becomes especially important. For example, in Liberia the government has let associations and umbrella organisations carry out some of the oversight activities, such as attempting to ensure minimum levels of quality and consistency across providers. The under-resourced Liberian Medical

Board mandated the Private Clinics Association of Liberia (established by physician assistants, certified midwives, and registered nurses) to register all private clinics, and to perform the initial inspection to ensure that the professionals are duly licensed and that the facilities are worthy of certification.

Footnotes

¹ 'Private' means non-public and includes non-profit, such as faith-based (mission hospitals, etc.), and for-profit.

² See literature review in Healthy Partnerships Report, page 22.

³ Since the level of engagement with non-profit providers - in Africa, mostly faith-based providers - is higher in all countries and across all domains, it is the larger for-profit sector that remains excluded. Only if it too is included in the health system can the government's policies and practices claim to include the whole health sector.

⁴ Thirty-nine out of the forty-five sub-Saharan African countries covered by the study have a policy for the private health sector; but only twelve countries are implementing these.

References / Montagu D, Anglemyer A, Tiwari M, et al. 2010. A comparison of health outcomes in public vs private settings in low- and middle-income countries, CA: Global Health Sciences, University of California San Francisco. // **World Bank Group - IFC, 2011.** Healthy Partnerships: How Governments Can Engage the Private Sector to Improve Health in Africa. Available: <https://www.wbginvestmentclimate.org/advisory-services/health/healthy-partnerships-page.cfm>.